

Summary of Business Rules for Accounting for and Reporting of Military Equipment

Clean-Up Costs

Objective

- Prescribe the accounting and reporting of clean-up costs in accordance with the provisions of Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment*.

Baseline Valuation Methodology

- For military equipment in service at time of implementation of the clean-up cost standard, estimate and record the total estimated clean-up cost and the associated liability for items in service. DoD should have previously recorded these costs.
- For military equipment placed in service after the implementation of the clean-up cost standard, recognize a portion of the estimated total clean-up costs as an expense during each period the associated military equipment is in operation.

Mid-Term Valuation Methodology

- Same as Baseline